UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information and Records
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TO FARM JOURNAL EDITORS:

For your use the following information has been prepared.

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NEW OPPORTUNITY TO SIGN WHEAT CONTRACTS

In order to give farmers in all States who have not yet signed up an opportunity to join in the adjustment plan of the AAA by reducing their present wheat acreage, the wheat program has been reopened. Farmers who sign up would become eligible for the second and final 1933 payment and the 1934 and 1935 adjustment benefits.

"The reopening, which applies to approximately 13,000,000 acres of uncontracted normal wheat land, follows many requests for such action from growers in practically all of the wheat-growing States," says Chester C. Davis, Administrator of the Adjustment Act.

"Machinery for signing up additional farmers and acreage is ready in the 1,450 county wheat production control associations which were formed in the initial wheat campaign," according to George E. Farrell, in charge of the wheat section. These associations with their county allotment committees, aided by the experience of the original campaign, are well prepared to complete in a short time the signing up of all farmers who wish to do so. No campaign is planned, but any farmer who has not signed a contract and wishes to do so now will have the opportunity. "Field workers have predicted a heavy additional sign-up in the area east of the Mississippi River, where the original sign-up was lightest."

Signing up of the farmers who wish to take advantage of the opportunity will begin at once, Mr. Farrell said.

At the January meeting of the International Wheat Advisory Committee in London, the United States representatives declared that the United States would take such steps as necessary to keep the acreage of wheat harvested in 1934 to 85 percent of the base planted acreage minus the normal abandonment. Additional acreage reduction as a result of reopening the contract will be supplementary to the steps already taken to meet the terms of the London agreement.

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"The reopening follows the policy of the Administration of rewarding the farmer who cooperates," Mr. Davis said. "In line with that policy, the new signers will receive the same future benefits that original signers received, but they will not receive the first payment of 20 cents a bushel on their allotments promised earlier signers. These first payments have already been made to the majority of farmers under contract. However, the new signers will receive the second payment of 8 cents a bushel, less local costs, at the same time that this payment is made to all cooperating wheat farmers, and they will share equally with other cooperating farmers in the 1934 and 1935 payments provided by the wheat plan.

"The allotment plan provides a measure of crop insurance and price insurance. Through it farmers can protect themselves to the extent of their allotment payment against possible crop failure this year. If prices of things farmers buy rise in greater proportion than the price of wheat, the parity feature will protect him, and the benefit payments will increase, or, if wheat prices should sink the lower the price goes, the larger the benefit payment would be. This parity feature applies to the farmer's allotment, which is 54 percent of his average production for the base period.

"Farmers who are considering signing contracts should remember that the wheat contract calls for making full adjustment payments on the 1934 and 1935 crops, if prices on those crops do not reach parity. The payments already being made are those on the 1933 crop.

"Although there is evidence of widespread crop damage this year, the record carryover of 389 million bushels last July 1, appears certain to provide the nation with ample supplies for this and the next season, even though the 1934 crop is extremely small."

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CRITICISM OF MILK POLICY ANSWERED

Administrator Chester C. Davis of the Agricultural Adjustment Act has issued the following statement bearing on criticisms by a group of members of the House concerning the AAA milk policy:

"Our present fluid milk policy is based entirely upon establishing better prices for farmers, not upon using Governmental powers to fix retail prices, and to support spreads and profits to the distributing companies. That is the only issue involved. It should not be confused by charges of communism, or any other red herrings of that sort. It is not the policy of the Administration to lower prices to producers in a single milkshed. Wherever farmers have felt that by their own efforts they could get prices higher than we felt we could enforce by law, we have urged them to make the undertaking on their own initiative.

"But if the Federal Government assumes responsibility for enforcement by law of a farm price for fluid milk, the Government must first establish that such a price is reasonably coordinated with local conditions and is generally in line with such basic factors as consumer purchasing power and butterfat prices.

"The Federal Government's power can be focused by the Adjustment Administration upon an attempt to improve returns and conditions of milk farmers, or this power might be diffused in efforts to freeze milk distributing companies' spreads and profits by fixing consumer prices.

"We have chosen to devote ourselves to assisting the farmer. We believe it is a sensible and justifiable course, and it is the mandate of the Agricultural Adjustment Act. Our new milk plan was worked out by the Adjustment Administration, which is accountable to Congress, to farmers, and to the public as to its conduct in working with the milk problem or any other agricultural problem."

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OUR MILK CATTLE POPULATION FOR FOURTEEN YEARS

In answer to an editor's question, the following figures, obtained from the Bureau of Agricultural Economics, showing the numbers of dairy cows and heifers 2 years or older, dairy heifers 1 to 2 years old, dairy heifer calves, and total female dairy cattle in the United States from 1920 to 1934 are given:

Year	Cows & Heifers 2 -	Heifers 1 - 2	Heifer Calves	Total
1920	21,455,000	4,420,000	4,371,000	30,246,000
1921	21,440,000	4,164,000	4,179,000	29,783,000
1922	21,822,000	3,972,000	4,357,000	30,151,000
1923	22,099,000	4,155,000	4,339,000	30,593,000
1924	22,288,000	4,143,000	4,378,000	30,809,000
1925	22,505,000	4,171,000	4,274,000	30,950,000
1926	22,311,000	4,045,000	4,276,000	30,632,000
1927	22,159,000	4,048,000	4,383,000	30,590,000
1928	22,129,000	4,158,000	4,606,000	30,893,000
1929	22,330,000	4,404,000	4,911,000	31,645,000
1930	22,910,000	4,700,000	5,005,000	32,615,000
1931	23,576,000	4,775,000	4,887,000	33,238,000
1932	24,475,000	4,685,000	4,953,000	34,113,000
1933	25,277,000	4,704,000	5,137,000	35,118,000
1934	26,062,000	4,749,000	6,265,000	36,076,000

Secretary Wallace, in his speech on "The Dairy Dilemma" at Madison, Wis., January 1, said that "we believe it essential that the dairy program should contain as one of its basic features such a method of production control as will restrain production to keep it in step with increases in consumer purchasing power and prevent supply from outrunning demand to the degree that causes disaster". He further pointed out that "it is necessary to have a dairy program which offers help to the entire industry".

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A PROPOSED MILK AGREEMENT FOR THE LOS ANGELES AREA

A hearing on a proposed agreement covering the purchase and distribution of milk and cream in the Los Angeles, Calif., sales area will be held in that city March 9. This agreement and a license to follow its acceptance would replace the existing license to milk distributors now in effect. It is requested by the California Milk Producers' Association and Milk Producers', Inc., both cooperatives.

Prices to producers stated in the tentative agreement are 57 cents a pound of butter fat in 4 percent milk, f.o.b. plants in the city on Class 1 milk, the Los Angeles current monthly quotation for 92 score butter plus 30 percent plus 6 cents as the Class 2 price; and the price payable for surplus milk at the producers' cooperative plant to govern payments in Class 3. The market plan suggested includes the base and surplus and an equalization pool to be administered by a market administrator. A schedule of low minimum resale prices also is included to protect producers' prices from low levels of competition.

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TO AUDIT BOOKS OF TWIN CITY MILK DISTRIBUTORS

Auditors of the Agricultural Adjustment Administration are to be sent to Minneapolis and St. Paul to audit the books of milk distributors in the Twin City sales area. The audit, to be made under the terms of the new license which went into effect February 16, will cover five years. Its purpose is to obtain accurate, comprehensive data to indicate the manner in which provisions for protecting the farmer's price, and other provisions for protecting producers, are being enforced.

Retail prices have been temporarily disturbed in St. Paul and Minneapolis since the new license has gone into effect, but farmers' prices have remained up to the figure provided in the license.

The Administration has reiterated that its primary interest under the Act is the improvement of returns to farmers, not the fixing of retail prices charged by distributors, not freezing of distributors' profits. If any instances of violation of farmers' prices are reported, the Administration will promptly institute enforcement proceedings.

At the instance of producers in the market, the Administration is drafting an amendment to the license calling for a complete market pool, similar to that provided in other licenses. An amendment to be offered producers contains the standard provisions as to producer-distributors. The provision requires that producers share alike in carrying the surplus, whether or not such producers are also producer-distributors. The only exception to this provision is for small producer-distributors whose production does not exceed 250 pounds of milk a day and who do not buy milk from other producers for sale. The standard form of clause for producer-distributors is as follows:

> "Each producer-distributor who either (1) sells part of his production to distributors (except distributors who operate stores or other establishments for the sale of fluid milk at retail for consumption off the premises) or to manufacturing plants and distributes the remaining part of his production as fluid milk; or (2) purchases milk from other producers or distributors for distribution as fluid milk; or (3) whose sales of fluid milk produced on his own farm exceeds the equivalent of 7,500 pounds of milk during any delivery period, shall be obligated to account to the Market Administrator for all his sales of fluid milk at the prices indicated in paragraph 1 of this Section, and each such producer-distributor shall submit reports to the Market Administrator on or before the 3rd day after the end of each delivery period, containing the same information as provided in subdivision (a) above, and also the total amount of milk produced by such producer on his own farm and sold or used during such delivery period as either Class I, Class II, or Class III milk."

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BIG SIGN-UP OF CORN-HOG CONTRACTS

A high percentage of producers--approximately 550,000--in the Midwest States, where the bulk of the Nation's corn and hogs are grown, have signed the 1934 corn-hog reduction contract. Iowa heads the list of States in the sign-up, with about 130,000 contracts, which represent more than 80 percent of the corn and hog producers in the State. Illinois reports a total of approximately 47,000 signed contracts. Other States have recently reported as follows: Missouri, 42,000; Nebraska,22,000; Kansas,19,000; Minnesota,50,000; South Dakota, 13,000; Indiana, 30,000; Ohio, 25,000 and Wisconsin 15,000.

"The unusual interest shown by farmers at the preliminary educational meetings indicates that the percentage of sign-up all over the middlewest will be high, and that the bulk of the campaign work there will have been finished by the first week in March," said Dr. A. G. Black, chief of the corn-hog section of the Agricultural Adjustment Administration.

Corn-hog campaign work in States outside the midwest is getting started. A limited number of contracts has already been signed at initial sign-up meetings. Reports from Oklahoma, North Carolina, Arizona, California, and Vermont indicate that eligible producers are anxious to get the sign-up work under way.

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EMERGENCY HOG PROGRAM PAYMENTS TO FARMERS

As a result of the Agricultural Adjustment Administration's emergency hog marketing program last autumn, a total of $30,643,101 was paid to farmers by processors for 6,410,866 pigs and sows purchased. Of that number 1,083,738 head were light hogs processed into meat; 222,144 were sows processed into dry salt meat, and 5,104,948 were pigs under 80 pounds in weight, converted into inedible products (grease and fertilizer tankage).

Missouri farmers received the largest amount of money for pigs and sows, that state's total being $3,634,508. Iowa was second with $3,570,484, and South Dakota third with $3,481,596. A shortage of feed induced heavy marketing from South Dakota and some other areas. That state led in the marketing of light pigs--713,310 head. The most heavy pigs--147,995--were sold by Missouri farmers. Iowa marketed the most sows--70,341 head.

The emergency hog marketing program went into effect on August 23, 1933, and closed on September 29. Farmers in 41 states participated in it. Nevada farmers received a total of less than $500 for marketing 89 head, and Louisiana farmers $542 for 123 head. The third lowest number of head marketed was 1,354 from Pennsylvania.

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HOG PROCESSING TAX NOW $2.25

At midnight on February 28 the processing tax on the slaughtering of hogs was increased from $1.50 a hundredweight, live weight basis, to $2.25 a hundredweight, live weight basis. This is the final increase in the rate of the hog processing tax called for under Hog Regulations, Series 1, Revision 1, issued by the Secretary of Agriculture on December 31, 1933. The tax is being collected to finance the 1934 corn-hog production adjustment program, under which a maximum of $350,000,000 in adjustment payments will be made to participating hog producers.

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TWO NEW CORN-HOG ADMINISTRATIVE RULINGS

Two new rulings affecting corn-hog contracts have been announced by the corn-hog section of the Agricultural Adjustment Administration. Dr. A. G. Black, chief of the section, explains one of these rulings as follows: Recognizing the common practice of giving ownership and responsibility for sows, gilts or pigs to children, it has been ruled that a producer may include in his computation of 1932-1933 litters and hogs produced for market therefrom, litters which, when farrowed, were owned by a minor child of the contracting producer in 1932 or 1933; provided that all the litters owned by the minor child were farrowed on the same farm as litters owned by the producer-father, and provided also that the producer and the child both lived on this farm. Hogs owned by minors will be included in the 1934 production whether they were counted in the base or not.

The other new ruling concerns sales of hogs to tenants and employees. In determining the number of hogs produced for market from 1932-33 litters, the contract-signer shall not count in hogs sold by him to his employees or tenants for slaughter and consumption by them on the farm. In cases where hogs from 1932-33 litters were slaughtered and the carcass or a part thereof sold to people other than those living on the farm, an equivalent number of hogs may be included in the hog base; that is, the equivalent of the average number of hogs marketed live for slaughter.

This equivalent number is to be calculated as follows: If the hogs weighed over 200 pounds when slaughtered and sold as meat, the actual number of hogs sold as meat shall be entered, but in no case shall the number to be entered be greater than one hog for each 150 pounds of dressed carcass or meat sold. If the hogs weighed less than 200 pounds when slaughtered and sold as meat, the number of hogs to be entered shall be in the proportion of one hog to each 150 pounds of dressed carcass or meat. Fractions of such amounts shall not be counted.

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THE COST OF CORN LOANS TO FARMERS

An average of less than 3 cents a bushel is the cost to farmers of loans made on warehoused corn by the Commodity Credit Corporation. This charge includes all initial costs of inspection, sealing, and interest and insurance for the 10-month period. Corn now sealed in farm warehouses for loans in 10 states, where the bulk of the loans are being made, is eligible for total loans of about $75,000,000. The loan rate is 45 cents a bushel, the rate of interest 4 percent, and the maturity date of the notes given by borrowers is August 1, 1934.

The average loan per farm is made on approximately 1,500 bushels of corn, and on this basis the cost of the loan is between 2 and 3 cents per bushel, according to Wm. S. Bradley, in charge of corn loans. The difference in cost is due to the variance in charges for inspection and filing in the several States.

In Iowa, where the largest number of loans is being made, the charge for filing the note costs 25 cents for any size of loan. The inspection and sealing charges, also fixed by the State, is 1/4 cent a bushel, or $3.75 on the average 1500 bushel loan. The interest, computed on a 10-month basis, amounts to $22.50 on the average loan, while blanket insurance for the Government is costing 1/49 of a cent a month, or $3.06 for the entire period on the average loan. While it is not mandatory that the producer carry regular insurance, this cost is included in the estimate, and will amount to about $3.50 for the average loan.

The whole cost for the average loan in Iowa will amount to $33.06 for the entire period, or 2.2 cents per bushel, if the loan is allowed to mature and is paid off by the farmer. There is no recourse on the borrower, provided the loan agreement is fulfilled. If at maturity the market price should be less per bushel than the loan amount per bushel, the borrower may discharge his obligation by turning over the stored corn to the Commodity Credit Corporation. In that case, the farmer is not liable for any of the charges, except those incurred by himself, such as regular insurance, cost of sealing and filing. The farmer is liable for interest, and blanket insurance, only if corn rises above 45 cents a bushel and he pays off his note.

The cost of loans in other States will vary slightly according to inspection and sealing charges.

"It should be made clear," stated Mr. Bradley, "that there are no commission charges in connection with corn loans. Banks making out the forms sometimes make a nominal charge, but that is a matter between the farmer and the bank. If the loan is obtained through a bank, no commission may be charged, unless the producer specifically agrees to pay one. As the loans may be obtained direct from the Commodity Credit Corporation, there is no reason for a producer to agree to pay a commission charge. The guarantee of principal and interest payable on demand permits banks to put their money into circulation with the assurance that the collateral is liquid at any time, and makes these loans desirable for banks, without use of commission charges. Instructions, note forms, and agreement blanks, are furnished to farmers free of charge by the Commodity Credit Corporation."

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SUCCESS OF 1934 COTTON REDUCTION PLAN ASSURED

Approximately 15 million acres will be taken out of cotton production this year, assuring the success of the adjustment campaign. In the cotton belt the work of adjusting contracts to conform with official base production and acreage figures is under way.

"It is expected that the volume of contracts passed upon by State boards of review will increase to large proportions in the next few weeks, as all county committees are working on the correction and adjustment of contracts," said Cully A. Cobb, chief of the cotton production section. "We believe the work has been so well conducted by the local committees, with the cooperation of farmers, in giving fair and adequate information, that most counties can be passed promptly by State boards of review--many without any adjustment. The job of reviewing contracts in Washington will begin promptly, so that the first payments can be in the hands of farmers sometime in March and April. It is our hope that in most cases the first payments will be available in time to be used in lieu of production credit."

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BURLEY TOBACCO SIGN-UP CAMPAIGN CLOSED

Ninety to 95 percent of the Burley tobacco growers in the United States have agreed to curtail 1934 production under Agricultural Adjustment contracts. The sign-up campaign closed February 17. Growers will limit this year's crop to about 250,000,000 pounds. Kentucky, Tennessee and Ohio are the largest producers of Burley. Kentucky's estimated sign-up of growers is 92 percent. In Tennessee the percentage is 90; in Ohio 91; in North Carolina 95; in West Virginia 50 to 60; in Virginia 95; in Indiana 75 and in Missouri 86 percent.

Growers under the contract may reduce one-third or one-half from their base. In the three principal Burley-producing States they apparently favored the one-half reduction plan, while in other States they seemed to prefer the one-third reduction plan.

Total benefits, including rental and adjustment payments, which will be distributed to participating growers, will approximate $15,000,000, derived from processing taxes on tobacco of this type. The first rental payment of $20 per acre on land taken out of production will be made to contracting farmers as soon as contracts are examined and accepted. The first adjustment payment, which will be equal to at least 10 percent of the net sale value of the 1933 crop on farms covered by contracts calling for a 33 1/3 percent reduction, and at least 15 percent of the net sale value of the 1933 crop on farms covered by contracts calling for a 50 percent reduction, will be made about September, 1934.

The second adjustment payment will be not less than 15 percent of the net sale value of the 1934 crop under the first type of contract, and not less than 35 percent of the net sale value of the 1934 crop under the second type of contract. It will be made after the 1934 crop has been marketed.

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HEARING ON MICHIGAN BEAN AGREEMENT

A public hearing on a proposed agreement for the pea bean industry of Michigan will be held at Saginaw, Michigan, March 5 and 6. The agreement would establish a schedule of minimum prices to growers; control marketings; provide a basis for loans from the Commodity Credit Corporation, and prevent price-cutting and speculation in beans.

The Michigan agreement is the first of a series of five marketing agreements being prepared by the general crops section of the Adjustment Administration, to provide a national plan for increasing returns to growers of dry edible beans. In addition to Michigan, tentative plans call for marketing agreements for each of the following sections in which beans are grown: New York; the pinto bean area of New Mexico and Colorado; the Great Northern area, including Idaho, Montana, and Wyoming; and California. It is planned to set up a central coordinating board, to adjust the minimum prices, trade practices, and other regulations of the various regional areas, once the separate agreements are perfected and made effective.

The proposed Michigan agreement provides for a control board for the Michigan area to consist of seven members, two chosen by growers, one by cooperative dealers, three by independent dealers, and one to be elected by the other six members. This body will supervise performance of the provisions of the pact, control the rate at which the bean crop is marketed, and maintain a schedule of base, or minimum prices.

The base price would start at the price quoted on the Saginaw market the day before the agreement takes effect, plus 40 cents per 100 pounds. After certain charges have been deducted from the Saginaw quotations, this means a net initial increased net price to growers of 10 cents per bag. The base may be changed from time to time by a majority vote of the board, with the approval of the Secretary of Agriculture.

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LICENSE FOR FLORIDA CITRUS INDUSTRY AMENDED

An amended license for the Florida citrus fruit industry issued by Secretary Wallace effects several changes found necessary in the operation of the original agreement and license which became effective December 18. The principal amendments deal with the grade and size provisions of the original license, and the regulation of shipments to the auction markets. Certain minor revisions of the volume proration plan are also made.

Under the amended license, the industry will have authority to prohibit the movement of cull and inferior fruit to market in place of the former regulations pursuant to the grade and size provisions of the original license. This prohibition can be applied to all shipments inferior in quality to that specified by the United States No. 2 Grades for Florida citrus fruits.

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BEE SHIPPERS' AGREEMENT PENDING

Seeking to improve returns to bee producers, a marketing agreement for the bee shippers' industry has been tentatively approved by Secretary of Agriculture Wallace. It has been sent for signature to those identified with the industry. Under its terms fair trade practices, and conditions of sale are established. A provision would require all shippers to be licensed.

The agreement would be administered by a control committee of five members, one elected from each of the chief bee-producing States of Alabama, Louisiana, Texas, and California, and one elected at large. This committee could establish minimum prices governing the sale of package bees. It is estimated by the industry that through the establishment of minimum prices, returns to producers could be increased by $500,000 to $750,000 annually.

The agreement was originally submitted by the Bee Shippers' Association. It was developed by that organization in cooperation with the general crops section of the Agricultural Adjustment Administration. The bee shipping industry does an annual business of approximately $1,500,000. Members of the industry are largely in the South and sell package bees to Northern purchasers for the production of honey or for pollinating orchards.

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PRODUCTION CREDIT ASSOCIATIONS CHARTERED

Production credit associations chartered by the Governor of the Farm Credit Administration, Wm. I. Myers, throughout the United States now total 606, with an authorized capital of $63,649,285. About four-fifths of the initial capital is supplied by the twelve production credit corporations, one of which is located at the headquarters of each regional organization of the Farm Credit Administration.

The production credit associations are given a specific area in which to make loans, and those chartered now cover three-fourths of the United States, being organized in the 48 states and covering 34 states completely. The remaining areas are being organized rapidly. Loans are made by these associations for general agricultural purposes, such as producing and harvesting crops; breeding, raising and fattening livestock; and the production of poultry and livestock products. The Farm Credit Administration plans to have associations available throughout the entire United States by the time production credit needs are developed this spring.

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CONSUMER DEMAND FOR EGGS

For eggs "the consumer demand", according to the Bureau of Agricultural Economics reporting on February 28," is apparently showing some improvement over last year, for in spite of both wholesale and retail prices being several cents higher than a year ago, trade output in New York, Chicago, Philadelphia and Boston for the first three weeks of February was about 10 percent heavier than during the same period last year." From the same source of information this statement is quoted; "The live poultry market in February showed unexpected strength".

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